

Corporate Governance Report

This Corporate Governance Report combines the Corporate Governance Report of RBI AG and the consolidated Corporate Governance Report of RBI pursuant to § 267b of the Austrian Commercial Code (UGB) in conjunction with § 251 (3) of the UGB.

RBI attaches great importance to responsible and transparent business management in order to maintain the understanding and confidence of its various stakeholders – not least of capital market participants. Hence, RBI is committed to adhering to the Austrian Corporate Governance Code (ACGC) as laid out in the version dated January 2020. The ACGC is publicly available on the Austrian Working Group for Corporate Governance website (www.corporate-governance.at) and on the RBI website (www.rbinternational.com → Investors → Corporate Governance and Remuneration Policy). In addition to RBI, its subsidiary bank Tatra banka, a.s., as a listed company, is obliged to publish a corporate governance report due to local statutory requirements. This report is published with the annual report and can be downloaded from the Tatra banka website (www.tatrabanka.sk → About bank → Economic results → Annual Reports). RBI has no further subsidiaries which are required to publish a corporate governance report.

Governance structure of RBI

RBI follows a large number of legal standards and other requirements that govern its actions internally and vis-à-vis third parties. The legal framework ranges from numerous relevant regulations, directives, delegated acts of law, and implementing acts on the European level, through to national laws and regulations, and guidelines, notices and recommendations of responsible supervisory authorities and code of conducts of further institutions.



Regulatory requirements for a supervised entity: major banks based in the European Union must adhere to, for example, the Capital Requirements Regulation (CRR) and Capital Rights Directive (CRD), the EU's Anti-money laundering Directive (AMLD), the revised Markets in Financial Instruments Directive (MiFID II), and the Payment Services Directive (PSD 2). On a national level, there are numerous further relevant Austrian laws such as the Austrian Banking Act (BWG), Austrian Stock Corporation Act (AktG), Austrian Securities Supervision Act (WAG), and the Austrian Payment Services Act (ZaDiG). Together, these form the legal framework and thus significantly impact RBI's process procedures.

In addition to the regulatory requirements, and also building on them, RBI has its own internal **Code of Conduct (CoC)**. The CoC - and the values laid out in 2019, described further below, to achieve the Vision & Mission - forms the bedrock of a corporate culture based on integrity and ethical principles. According to the CoC, RBI commits itself to sustainable corporate management and the associated social and environmental responsibilities. All employees are required to abide by the CoC in internal dealings and when in contact with customers or other stakeholders. The CoC thus safeguards that RBI's high standards for employees' business and ethical conduct are met. To ensure this, all

RBI governance documents must be in accordance with the principles laid out in the CoC: www.rbinternational.com/en/who-we-are/facts-figures/code-of-conduct.html.

Building on the regulatory requirements and CoC, the **Group internal policies & processes** ensure compliant behavior. The policies and processes make up RBI Group's company law and their documentation and review are essential prerequisites for compliance with legal requirements. Through the Group Policy Framework, which targets all RBI employees, governance across the Group is also assured. The Group Policy Framework lays out necessary rules for this, provides an overview of roles and responsibilities, and sets standards for the monitoring and implementation of the policies.

In 2019, to further continue RBI's success story, RBI set an ambitious goal in its **Vision 2025** – we are the most recommended financial services group – to be fulfilled by following its **Mission** – we transform continuous innovation into superior customer experience. The Mission has four **Values** - collaboration, proactivity, learning, and responsibility – which were defined as an especially important part of the implementation and achievement of the goal of RBI's Vision.

The **Strategic Roadmap** was developed from the Mission statement in a comprehensive process involving many employees. This multi-year roadmap categorizes the main strategic goals in concrete and measurable individual initiatives. These are each set for a period of two years with their progression evaluated on a quarterly basis and discussed at senior management level. The roadmap ensures that all employees can have a clear picture of contributions to be made towards achieving the overarching goal (Vision 2025).

Transparency is a key corporate governance issue and is therefore of particular importance to RBI. This Corporate Governance Report is structured according to the legal provisions contained in § 243c of the UGB and is based on the structure set forth in Appendix 2a of the ACGC.

As a result of the 2020 revision of the ACGC, the total remuneration of the individual Management Board members (§ 239 (1)4 lit. a UGB) and principles of remuneration policy (§ 243c (2)3 UGB) are presented in a separate remuneration report according to § 78c AktG.

The remuneration report will be presented for resolution to the Annual General Meeting on 22 April 2021 and published on the website in a timely manner before the Annual General Meeting.

The ACGC is subdivided into L, C and R Rules. L Rules are based on compulsory legal requirements. C Rules (Comply or Explain) should be observed; any deviation must be explained and justified in order to ensure conduct that complies with the ACGC. R Rules (Recommendations) have the characteristics of guidelines; non-compliance does not need to be reported or justified. RBI deviates from the C Rules below, but conducts itself in accordance with the ACGC on the basis of the following explanations and justifications:

C Rule 45: non-competition clause for members of the Supervisory Board

RBI AG is the central institution of the Raiffeisen Banking Group Austria (RBG). Within RBG, RBI AG serves as the central institution (as defined by § 27a of the BWG) of the regional Raiffeisen banks and other affiliated credit institutions. Some members of the Supervisory Board in their function as shareholder representatives also hold executive roles in RBG banks. Consequently, comprehensive know-how and extensive experience specific to the industry can be applied in exercising the control function of the Supervisory Board, to the benefit of the company.

C Rule 52a: The number of members on the Supervisory Board (without employees' representatives) shall be ten at most

The Supervisory Board currently consists of twelve members: nine core shareholder representatives for RBG and three free float representatives. This higher number of members was based on a resolution passed by the Annual General Meeting on 22 June 2017. It provides the Supervisory Board with additional industry knowledge, more diversity, and further strengthens its ability to exercise its control function.

In accordance with C Rule 62 of the ACGC, RBI AG commissioned KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna (KPMG) to conduct an external evaluation of compliance with the C Rules of the ACGC. The report on this external evaluation is publicly available at www.rbinternational.com → Investors → Corporate Governance and Remuneration Policy → External Evaluation of the CG Code.

Composition of the Management Board

As at 31 December 2020, the Management Board consisted of the following members:

Management Board member	Year of birth	Original appointment	End of term
Johann Strobl, Chairman	1959	22 September 2010 ¹	28 February 2022
Andreas Gschwenter	1969	1 July 2015	30 June 2023
Lukasz Januszewski	1978	1 March 2018	28 February 2026
Peter Lennkh	1963	1 October 2004	31 December 2025
Hannes Mösenbacher	1972	18 March 2017	28 February 2025
Andrii Stepanenko	1972	1 March 2018	28 February 2026

¹ Effective as of 10 October 2010

The number of members of RBI AG's Management Board was reduced from seven to six when Martin Grüll's Management Board mandate expired at the end of February 2020. The Management Board areas of responsibility have been reorganized, thereby utilizing potential to streamline the organization (see also: Division of responsibilities and functions of the Management Board).

After discussing the respective function descriptions and requirements as a basis for the succession and recruiting process and evaluating the performance of the relevant Management Board members whose terms were approaching expiry, the Nomination Committee recommended that the Supervisory Board re-elect Peter Lennkh, Andrii Stepanenko and Lukasz Januszewski. The Supervisory Board extended the mandates of Peter Lennkh at its meeting on 17 June 2020, and of Andrii Stepanenko and Lukasz Januszewski at its meeting on 2 December 2020, for another five years.

Members of the Management Board held supervisory board seats or comparable functions in the following domestic and foreign companies that are not included in the consolidated financial statements:

Johann Strobl	UNIQA Insurance Group AG, 2 nd Deputy Chairman (since 25 May 2020), UNIQA Österreich Versicherungen AG, Member (since 25 May 2020) Oesterreichische Kontrollbank Aktiengesellschaft, 1 st Deputy Chairman (since 27 May 2020)
Andreas Gschwenter	RSC Raiffeisen Service Center GmbH, Austria, Deputy Chairman Raiffeisen Informatik Geschäftsführungs GmbH, Deputy Chairman
Peter Lennkh	Oesterreichische Kontrollbank Aktiengesellschaft, Member

In addition to the management and governance of RBI AG, the members of the Management Board performed supervisory and managerial duties at the following material subsidiaries as supervisory board members in the 2020 financial year:

	Supervisory Board mandate
Johann Strobl	AO Raiffeisenbank, Russia, Chairman Raiffeisen Bank S.A., Romania, Chairman Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member
Andreas Gschwenter	Raiffeisenbank Austria d.d., Croatia, Chairman Raiffeisen Bank Zrt., Hungary, Chairman RSC Raiffeisen Service Center GmbH, Austria, Deputy Chairman Raiffeisen Informatik Geschäftsführungs GmbH, Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member
Lukasz Januszewski	Raiffeisen Centrobank AG, Austria, Chairman Raiffeisen Bank Aval JSC, Ukraine, Chairman Raiffeisen Kapitalanlage-Gesellschaft m. b. H., Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Tatra banka, a.s., Slovakia, Member
Peter Lennkh	Raiffeisen banka a.d., Serbia, Chairman Raiffeisen Bank Kosovo J.S.C., Kosovo, Chairman Raiffeisen Bank Sh.A., Albania, Chairman Raiffeisenbank (Bulgaria) EAD, Bulgaria, Chairman Raiffeisenbank a.s., Czech Republic, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Tatra banka, a.s., Slovakia, Member
Hannes Mösenbacher	Raiffeisen Centrobank AG, Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member
Andrii Stepanenko	Priorbank JSC, Belarus, Chairman Raiffeisen Kapitalanlage-Gesellschaft m. b. H., Austria, Chairman Tatra banka, a.s., Slovakia, Chairman Kathrein Privatbank Aktiengesellschaft, Austria, Chairman AO Raiffeisenbank, Russia, Member Raiffeisenbank a.s., Czech Republic, Member Raiffeisen Bank Aval JSC, Ukraine, Member Raiffeisen Bank S.A., Romania, Member Raiffeisen Centrobank AG, Austria, Member

Composition of the Supervisory Board

As at 31 December 2020, the Supervisory Board comprised:

Supervisory Board member	Year of birth	Original appointment	End of term
Erwin Hameseder Chairman	1956	8 July 2010 ¹	Annual General Meeting 2025
Martin Schaller 1st Deputy Chairman	1965	4 June 2014	Annual General Meeting 2024
Heinrich Schaller 2nd Deputy Chairman	1959	20 June 2012	Annual General Meeting 2022
Klaus Buchleitner	1964	26 June 2013	Annual General Meeting 2025
Peter Gauper	1962	22 June 2017	Annual General Meeting 2022
Wilfried Hopfner	1957	22 June 2017	Annual General Meeting 2022
Rudolf Könighofer	1962	22 June 2017	Annual General Meeting 2022
Reinhard Mayr	1954	20 October 2020	Annual General Meeting 2025
Heinz Konrad	1961	20 October 2020	Annual General Meeting 2025
Eva Eberhartinger	1968	22 June 2017	Annual General Meeting 2022
Andrea Gaal	1963	21 June 2018	Annual General Meeting 2023
Birgit Noggler	1974	22 June 2017	Annual General Meeting 2022
Rudolf Kortenhofer ²	1961	10 October 2010	Until further notice
Peter Anzeletti-Reikl ²	1965	10 October 2010	Until further notice
Gebhard Muster ²	1967	22 June 2017	Until further notice
Helge Rechberger ²	1967	10 October 2010	Until further notice
Susanne Unger ²	1961	16 February 2012	Until further notice
Natalie Egger-Grunicke ²	1973	18 February 2016	Until further notice

¹ Effective as of 10 October 2010

² Delegated by the Staff Council

Johannes Ortner resigned from his function with effect from 18 June. Günther Reibersdorfer resigned from his Supervisory Board function with effect from the end of the company's Annual General Meeting on 20 October 2020. They were succeeded by Reinhard Mayr and Heinz Konrad.

Natalie Egger-Grunicke resumed her Supervisory Board functions from Sigrid Netzker on 1 January after returning from parental leave.

The Supervisory Board has 18 members, five of which are women.

Independence of the Supervisory Board

The Supervisory Board of RBI AG, in accordance with and taking into consideration C Rule 53 and Appendix 1 of the ACGC, has specified the following criteria for the independence of the members of the company's Supervisory Board:

- The Supervisory Board member shall not have been a member of the Management Board or a senior executive of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not have, or have had in the previous year, any significant business relationships with the company or a subsidiary of the company. This also applies to business relationships with companies in which the Supervisory Board member has a significant financial interest, albeit not with regard to carrying out executive functions within the Group. The approval of individual transactions by the Supervisory Board according to L Rule 48 of the ACGC does not automatically lead to a non-independent qualification.
- The exercise of functions within the Group or merely exercising the function of a management board member or senior executive by a Supervisory Board member does not, as a rule, lead to the company concerned being regarded as a company in which a Supervisory Board member has a significant financial interest, to the extent that circumstances do not support the presumption that the Supervisory Board member derives a direct personal advantage from doing business with the company.

- The Supervisory Board member shall not have been an auditor of the company, nor a stakeholder in or employee of the auditing company in the previous three years.
- The Supervisory Board member shall not be a member of the management board of another company in which a Management Board member of the company is a member of the supervisory board.
- The Supervisory Board member shall not be part of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with business interests in the company, or who represent the interests of such shareholders.
- The Supervisory Board member shall not be a close relative (direct descendant, spouse, partner, father, mother, uncle, aunt, brother, sister, nephew, niece) of a member of the Management Board or of persons who meet one of the criteria described in the preceding points.

In accordance with the criteria listed above for the independence of Supervisory Board members, all RBI AG Supervisory Board members are considered independent.

Eva Eberhartinger, Birgit Noggler and Andrea Gaal are free float representatives on the Supervisory Board of RBI AG according to C Rule 54 of the ACGC. These members of the Supervisory Board are neither shareholders with a shareholding of greater than 10 per cent, nor do they represent the interests of such shareholders.

Members of the Supervisory Board had the following additional supervisory board mandates or comparable functions in domestic and foreign stock exchange listed companies from 1 January to 31 December 2020:

Erwin Hameseder	AGRANA Beteiligungs-Aktiengesellschaft, Austria, Chairman STRABAG SE, Austria, Deputy Chairman Südzucker AG, Germany, 2 nd Deputy Chairman UNIQA Insurance Group AG, Austria, 2 nd Deputy Chairman (until 25 May 2020)
Heinrich Schaller	voestalpine AG, Austria, Deputy Chairman AMAG Austria Metall AG, Austria, Deputy Chairman
Klaus Buchleitner	BayWa AG, Germany, Deputy Chairman AGRANA Beteiligungs-Aktiengesellschaft, Austria, Deputy Chairman
Birgit Noggler	Semperit AG Holding, Austria, Member

In addition to their functions as members of RBI AG's Supervisory Board, the following members also held supervisory board mandates at material subsidiaries during this period:

Erwin Hameseder	LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Chairman
Klaus Buchleitner	LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Member

No management functions at RBI AG's material subsidiaries were undertaken by Supervisory Board members.

The Supervisory Board, both in its entirety and in its committees, has the necessary knowledge and experience commensurate with the type, scope and complexity of RBI's business and its risk structure.

Composition of the Committees

The procedural rules of the Supervisory Board govern its organization and allocate particular tasks to the Working, Risk, Audit, Remuneration, Nomination, Personnel and Digitalization Committees. These committees comprised the following members as at 31 December 2020:

	Working-Committee	Risk-Committee	Audit-Committee	Remuneration-Committee	Nomination-Committee	Personnel-Committee	Digitalization-Committee ¹
Chairman	Erwin Hameseder	Birgit Noggler	Eva Eberhartinger	Erwin Hameseder	Erwin Hameseder	Erwin Hameseder	Andrea Gaal
1 st Deputy Chairman	Heinrich Schaller	Martin Schaller	Erwin Hameseder	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller	Martin Schaller
2 nd Deputy Chairman	Martin Schaller	Erwin Hameseder	Heinrich Schaller	Martin Schaller	Martin Schaller	Martin Schaller	-
Member	Andrea Gaal	Heinrich Schaller	Reinhard Mayr	Eva Eberhartinger	Rudolf Könighofer	Rudolf Könighofer	Rudolf Könighofer
Member	Birgit Noggler	Eva Eberhartinger	Andrea Gaal	Andrea Gaal	Andrea Gaal	Andrea Gaal	Reinhard Mayr
Member	-	Andrea Gaal	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler	-
Member	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof	-	Rudolf Kortenhof
Member	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	-	Peter Anzeletti-Reikl
Member	Susanne Unger	Susanne Unger	Susanne Unger	Susanne Unger	Susanne Unger	-	-

¹ The newly established Digitalization Committee did not meet during the financial year

There are seven Committees. The Audit Committee, Remuneration Committee and Risk Committee, all consist of one-third core shareholder representatives, one-third free float representatives, and one-third employee representatives. There are women in all of the Committees, and three of the Committees are chaired by women.

Birgit Noggler, as the Chairman of the Risk Committee, satisfies the legal standards, expert qualifications and independence requirements set out in § 39d (3) of the BWG. In addition to serving as the Chairman of the Risk Committee, her principal occupation is the provision of tax advisory services. She was the Chief Financial Officer of Immofinanz AG from 2011 to 2016 and held management positions at Immofinanz AG from 2007 to 2011. Birgit Noggler has worked in accounting from the beginning of her professional career and therefore has extensive expertise in this field. In addition to her mandate at Semperit Aktiengesellschaft Holding, Birgit Noggler also holds supervisory board mandates at B & C Industrieholding GmbH and NOE Immobilien Development GmbH.

According to § 63a (4) of the BWG, one member of the Audit Committee must be a financial expert. This requirement is fulfilled by Eva Eberhartinger as the Chairman of the Audit Committee. Three other members of the Audit Committee also have relevant expertise from their positions as senior executives of banks.

In addition to serving as the Chairman of the Audit Committee, Eva Eberhartinger, in her main position, chairs the Tax Management division at the Institute for Accounting & Auditing at the Vienna University of Economics and Business, and was Vice Rector for financial affairs at the Vienna University of Economics and Business from 2006 to 2011. On account of her high level of expertise and many years of experience in research and lecturing at both national and international universities, Eva Eberhartinger is a recognized expert in the areas of finance and accounting, as well as taxation. Her research focuses on accounting, taxation, financing and taxes, European/international accounting, and international tax law. Furthermore, Eva Eberhartinger has numerous publications in various specialist journals. She has been on the supervisory board of the Austrian Treasury since 2013 and served as the Vice Chair until 2017. She has also been a member of the supervisory board of maxingvest AG (Germany) since 2014.

The decision was taken in the 2020 financial year to establish the Digitalization Committee and the Supervisory Board elected Andrea Gaal as the Chairman of the committee. During her career, Andrea Gaal has held several key positions within British and American high-tech start-ups and served in a managing role at Sony and Sony Ericsson with responsibility for the DACH (German-speaking countries), Central European and North American (Canada) regions. Furthermore, Andrea Gaal is engaged on the advisory council of AI 42.cx, a market data company which specializes in the analysis and identification of intellectual property and intangible assets; she is also a member of the AI-42 INDEX™ committee, which determines the index constituents and weightings. The index comprises the leading listed companies globally with expertise in the area of artificial intelligence and is published through Refinitiv (Thomson Reuters). Aside from the aforementioned roles, Andrea Gaal also teaches as an adjunct professor in the Department of Business & Management at Webster Vienna Private University, where her lectures cover subjects such as Business & Global Issues, Global Competitive Strategies, Corporate Responsibility and Society, and Women in Management.

With Eva Eberhartinger as Chairman of the Audit Committee, Birgit Noggler as Chairman of the Risk Committee, and Andrea Gaal as the new Chairman of the Digitalization Committee, the responsibilities of the free float representatives have been further strengthened.

The Advisory Council

The Advisory Council consists of representatives of RBG and has a purely consultative function for the Management Board of RBI AG. The rights and obligations that the Management Board and Supervisory Board have under the law and the Articles of Association are not curtailed by the Advisory Council's activities.

The Advisory Council provides advice on matters relating to material ownership interests of the regional Raiffeisen banks as core shareholders and on selected aspects of the relationship between RBI and RBG. It also gives advice on RBI's central institution function as defined in § 27a of the BWG and the responsibilities associated with it, and on the affiliated companies in their capacity as RBG's distribution partners.

The Advisory Council consists of the seven Chairmen of the supervisory boards of the regional Raiffeisen banks and the Chairman of Raiffeisenverband Salzburg. It met three times in 2020. Out of the eight members of the Advisory Council, eight members attended all the meetings in 2020. Member attendance at each meeting was thus 100 per cent.

Advisory Council members receive reasonable compensation for their activities. The compensation for the 2017 financial year and subsequent years was determined by the Annual General Meeting on 21 June 2018.

As long as the General Meeting passes no resolutions to the contrary in the future, Advisory Council members are paid the following annual remuneration:

- For the Chairman of the Advisory Council: € 25,000 (excl. VAT)
- For the Deputy Chairman of the Advisory Council: € 20,000 (excl. VAT)
- For every other member of the Advisory Council: € 15,000 each (excl. VAT)

In addition, each member of the Advisory Council is paid an attendance fee of € 1,000 (excl. VAT) for each meeting.

Depending on the duration of the respective Advisory Council mandate, the annual remuneration for the financial year is allocated on a pro rata basis or in its entirety.

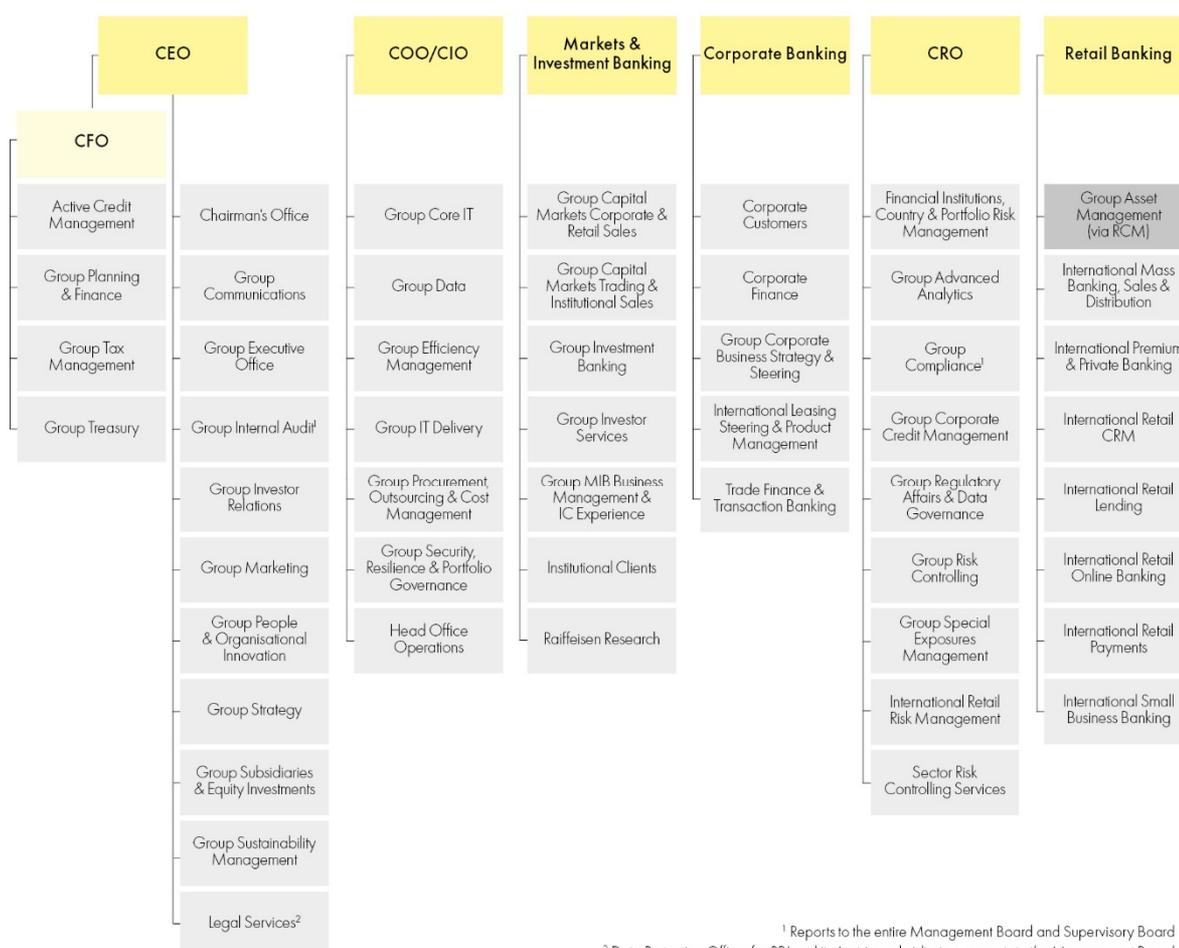
Functions of the Management Board and the Supervisory Board

Division of responsibilities and functions of the Management Board

The RBI AG Management Board manages the company according to clearly defined goals, strategies and guidelines on its own authority, with a focus on future-oriented business management and in line with modern, sustainable business principles. In doing so, the Management Board pursues the good of the company at all times and considers the interests of customers, shareholders and employees.

The Management Board manages the company's business in accordance with the law, the Articles of Association and the Management Board's rules of procedure. The Management Board's weekly meetings are convened and led by the Chairman. The meetings facilitate mutual gathering and exchange of information, consultation and decision-making with respect to all matters requiring the Board's approval. The procedural rules of the Supervisory Board and the Management Board describe the duties of the Management Board in terms of information and reporting, as well as a catalog of measures that require the approval of the Supervisory Board.

Management Board members' areas of responsibility have been defined by the Supervisory Board, without prejudice to the general responsibility of the Management Board, as follows (as at 31 December 2020):



¹ Reports to the entire Management Board and Supervisory Board

² Data Protection Officer for RBI and its Austrian subsidiaries - reports to the Management Board

Reduction in size of the Management Board

The expiration of the mandate of CFO Martin Gröll in February 2020, led to substantial changes in the Management Board responsibilities, particularly the reallocation of former CFO duties to other Management Board areas.

Management Board area of the Chief Executive Officer (CEO)

- The CFO now reports to the CEO
- Former Plenipotentiary, Michael Höllerer, as CFO, took over responsibility for Group Planning & Finance, Group Tax Management, Group Treasury and Active Credit Management.
- The Group Investor Relations division has reported directly to the CEO since the reduction in size of the Management Board.
- The B-1 divisions International Banking Units and Group Participations have been merged into a single B-1 division, Group Subsidiaries & Equity Investments, due to efficiency and synergy considerations. This new structure is designed to enable the division to pool the established strengths and core competencies of the relationship managers and equity investment managers in order to offer their services as a single point of contact to relevant individuals within RBI, its subsidiaries, representative offices, branches and equity investments. The new structure facilitates the adoption of a one-stop shop principle and enables the unit to address all assigned issues within a single division.
- The former Group Human Resources division merged with the Strategy Development department from the Group Strategy & Innovation division. To direct the focus even more toward employees, the division was renamed Group People & Organizational Innovation.

Management Board area of Retail Banking

- The two divisions International Retail Business Management & Steering and International Mass Banking, Sales & Distribution were combined into a single division, International Mass Banking, Sales & Distribution, in order to streamline the organizational structure. Since the two divisions were each relatively small in terms of staff, the merger aimed to produce a leaner, simpler structure and leverage synergies.
- In the past, the Retail Payments business was handled by multiple departments from different Management Board areas. The Management Board therefore decided to combine the various units and establish International Retail Payments, a new separate B-1 division. This will drive the further expansion of the strategically important Digital Payments business line. The division is responsible for the merchant acquiring business, improving profitability, expanding this business line in the online environment and developing the e-commerce business. The division can thereby provide the requisite attention to the area of digital payments for consumers and between consumers and business customers. These areas play an important role in realizing the Vision & Mission and Strategic Roadmap.

Management Board area of the Chief Operating Officer / Chief Information Officer (COO/CIO)

- Group Project Portfolio & Security Management was renamed Group Security, Resilience & Portfolio Governance in 2020. Resilience includes the Disaster Recovery, Crisis Management and Business Continuity departments.
- Group Procurement, Cost & Real Estate Management was renamed Group Procurement, Outsourcing & Cost Management in order to emphasize the outsourcing function due to its growing importance.

Management Board area of the Chief Risk Officer (CRO)

- Group Regulatory Affairs & Data Governance and Group Compliance will report to the CRO from March 2020, due to the reduction in size of the Management Board.

The 2020 financial year was largely dominated by the COVID-19 crisis. A variety of measures were taken by the Management Board in this respect, all of which placed the health of employees and customers first. As a result of years of preparations and regular crisis scenario training, the company was very well-prepared and banking operations were successfully transferred from the physical office to remote working within a few days. This made it possible to continue to serve customers fully and seamlessly despite the challenging situation. The company's business activities were not limited at any point in time.

The Management Board addressed sustainable finance and the regulatory environment at a special meeting. Following an introduction to the EU's planned measures to promote a sustainable economy (EU Action Plan), the issues of sustainable business and sustainable customers were covered in detail.

A key objective in the expansion of sustainable business is the Vision to become the most recommended bank in Austria and in RBI's markets in the CEE region by 2025, including in terms of Environment, Social, Governance (ESG) focus. This is to be achieved by executing a defined five-point plan. In addition, specific action is to be taken to support customers so they can more easily access the market for sustainable financing while taking their respective particular situation in terms of sustainability into account.

The planned range of services to be offered by the Institutional Customers and Corporate Financing businesses was also discussed (identification of products with ESG relevance, ESG consulting, best practice sharing with others - including internationally active customers, etc.) as well as the range to be offered by the Retail area (strengthening customer relationships based on UN principles by promoting digitalization, reducing operational impacts on the environment, taking account of the social needs of our customers and their business, and creating value with practical innovative solutions that focus on the environment).

Supervisory Board meetings

The Supervisory Board (SB) held six meetings during the reporting period. In addition, the Management Board fully informed the Supervisory Board on a prompt and regular basis of all relevant matters pertaining to the company's performance, including the risk position and risk management of the company and material Group companies, particularly in relation to important issues.

During a Fit & Proper course on current regulatory issues, the Supervisory Board was updated on issues including the EBA's planned changes to ESG risk integration in loan origination and monitoring, better disclosure, control and management of ESG risk factors, diversity (guidelines and measures to ensure adequate representation of all genders in supervisory boards, management boards and upper management), and the consideration of ESG factors in the management and control of companies.

Decision-making authority and activities of the Committees of the Supervisory Board

The procedural rules of the Management Board, as well as the Supervisory Board and its Committees, outline the business management measures that require the approval of the Supervisory Board or of the appropriate Committee.

The **Working Committee** deals with general focus reports on individual industries in the corporate customer business and financial institutions area in relation to loan and limit applications. It takes these opportunities to discuss selected customer groups and financial institutions, as well as material positive and negative changes in customer creditworthiness. The Working Committee also looks at developments with respect to the 20 largest groups of connected customers in the corporate customer business in the course of the year and reviews special reports on certain customers or industries in response to current events. The Working Committee discusses and decides on limit applications for companies and financial institutions and, following discussion, forwards to the Supervisory Board limit applications that fall within the decision-making authority of the entire Supervisory Board. It also discusses reports written for the Supervisory Board, such as the annual report on all significant investments under § 28b of the BWG, before they are addressed by the entire Supervisory Board.

In addition to the loan and limit applications, the Working Committee also considered and approved capital contributions for Group subsidiaries as well as the delegation of Management Board members to serve on the governing bodies of non-Group companies in the financial year. The Working Committee discussed the new allocation of duties in the Management Board and associated questions relating to the organizational changes prompted by Martin Grüll's departure from the Management Board in great detail. During the decision-making process, the members of the Working Committee also gave particular consideration to the remarks made by the supervisory authority regarding the reallocation of duties in the Management Board.

The responsibilities of the **Risk Committee** include advising the Management Board on current and future risk propensity and risk strategy, monitoring the implementation of this risk strategy with regard to the controlling, monitoring and limitation of risk in accordance with the BWG, as well as the monitoring of capitalization and liquidity. To fulfill these responsibilities, the Risk Committee obtains quarterly reports on issues such as credit, liquidity and market risk, the Internal Capital Adequacy Assessment Process (ICAAP) and uncollectable loans. The Committee also looks at current risk factors, including selected country reports on current political changes as well as reports on regulatory developments and their repercussions for RBI. In addition, the Risk Committee discusses relevant metrics and tolerances regarding the Group's risk appetite, with due consideration given to budgeting and strategy.

Furthermore, the Risk Committee is also responsible for examining whether adequate consideration is given to the business model and risk strategy in the pricing of the services and products offered. To this end, the Risk Committee discusses reports submitted to it on pricing and price calculations in the customer and financial institutions business and discusses remedial action plans if necessary. The Risk Committee also monitors whether the incentives offered by the internal remuneration system give adequate consideration to risk, capital and liquidity, as well as the timing of realized profits and losses. This involves the presentation of a report on remuneration policies in the Risk Committee, which is used to assess whether the remuneration structure reflects RBI's risk appetite.

The risk committee also dealt with current material risk management topics. Due to COVID-19 pandemic, the committee thoroughly assessed the impact on RBI's financial, risk, capital and liquidity position. Committee members were kept informed of the banking group's profits and financials through regular and special reports given at the committee meetings. In addition, the committee looked at the risk management measures taken to limit the effects of COVID-19 on RBI at all its meetings and took this opportunity to discuss the measures themselves as well as planning steps relating to the corona playbook. The members of the Risk Committee addressed regulatory aspects and the internal system for limiting concentration risk and discussed measures derived from it for individual customer groups.

The Risk Committee also focused on the ongoing reporting and monitoring of compliance with Russian and US sanctions, as well as regular Anti-Money Laundering (AML) status reports and measures to combat money laundering in 2020. In addition, it concentrated on the requirements of, and compliance with, competition law and obtained reports on the status of significant legal disputes at every meeting.

The **Audit Committee** monitors the accounting process. It issues recommendations for improving reliability and supervises the effectiveness of the company's internal control, audit and risk management systems. The committee also oversees the annual audit of the financial statements and consolidated financial statements and thus monitors the independence of the external Group auditor/bank auditor, particularly with respect to additional work performed for the audited company. During the financial year, changes were made to internal policies and a process was defined for approving necessary exceptions that conforms to the regulatory framework in order to ensure compliance with internal thresholds that are stricter than the duty of care required by law for non-auditing work performed by the external auditor. In addition, the committee examines the annual financial statements, the management report, the consolidated financial statements and the Group management report and is responsible for the preparation for their adoption by the Supervisory Board. The Audit Committee reviews the audit plan in great detail and engages in discussions with the auditor during the audit about key facts covered in the audit of the financial statements, special focuses of the audit, the management letter and the report on the effectiveness of risk management and the internal control system. It also examines the Management Board's proposal for earnings appropriation and the Corporate Governance Report. The Audit Committee presents a report on the results of its examinations to the Supervisory Board. It also conducts a process, in accordance with statutory requirements, for the selection of the Group auditor and bank auditor and submits a recommendation to the Supervisory Board concerning the appointment of the auditor. Furthermore, the Supervisory Board reviews the consolidated non-financial report (Sustainability Report).

The Audit Committee also engages in regular discussions with Internal Audit about general audit issues, defined audit areas, findings made during audits and steps taken to make improvements in response to audit findings. Group Compliance reports regularly to the Audit Committee and discusses the status and effectiveness of the internal control system with it. In particular, the parties discuss the findings from reviews of key controls in financial reporting and non-financial reporting areas as well as additional required improvements. The Audit Committee also devotes attention to the accounting framework and discusses the implementation of necessary projects.

In addition to its regular auditing and monitoring activities, the Audit Committee focused on discussing issues related to the valuation of equity investments and questions associated with the accounting treatment of legal risks.

The Audit Committee also thoroughly addressed relevant issues relating to the tax ICS at RBI and devoted its attention to the transfer pricing system. Based on the Audit Committee's recommendations to the Supervisory Board, the Annual General Meeting on 20 October 2020 selected Deloitte Audit Wirtschaftsprüfungs GmbH as the external auditor and simultaneously as the bank auditor pursuant to §§ 60 et seq. of the BWG for RBI's annual and consolidated financial statements for the 2021 financial year. In this context, the Audit Committee obtained ongoing status reports on the process of transferring the audit engagement to the new external auditor. The Audit Committee reviewed the economic impacts of the COVID-19 pandemic on the 2020 annual financial statements in detail.

The Audit Committee establishes key issues for the upcoming year at the end of each year.

The **Remuneration Committee's** responsibilities include, first and foremost, establishing general principles for the company's remuneration policies and practices, particularly on the basis of the BWG, as well as relevant sections of the ACGC. In doing so, the company's interests along with the long-term interests of shareholders, investors and employees of the company are taken into account, as are the economic interests of maintaining a functioning banking system and financial market stability. The Remuneration Committee issues detailed internal remuneration policies for the Management Board and employees of RBI and makes changes as required as part of a regular review process. On that basis, the Remuneration Committee selects the companies within the RBI Group that are subject to the remuneration principles. This selection and the underlying selection process are reviewed at regular intervals. The Remuneration Committee is also responsible for approving the proposed list of employees and functions which have a material impact on the risk profile of the Group and/or company. The Remuneration Committee conducts regular reviews of these identified staff.

In addition, the Remuneration Committee supervises and regularly reviews remuneration policies, remuneration practices and relevant incentive structures in the context of risk control, monitoring and limitation in accordance with the BWG, as well as with respect to capitalization and liquidity. To this end, reports from Human Resources, Internal Audit, Compliance and Risk Management are presented to the Remuneration Committee and the associated findings and measures are discussed. The Remuneration Committee further reviews the remuneration of executives responsible for risk management and compliance.

The Remuneration Committee is also responsible for deciding whether employees are subject to penalty or clawback events. It reviews potential cases and then, based on the facts, decides how the event will affect the payment of variable remuneration.

In accordance with the new provisions of §§ 78a et seq. of the AktG, which incorporates the remuneration requirements of the second Shareholder Rights Directive, the responsibility for the preparation of Supervisory Board resolutions relating to remuneration policy for the Management Board and Supervisory Board as well as the corresponding Remuneration Report has been added to the rules of procedure for the Remuneration Committee. The remuneration policy principles for the Management Board and the Supervisory Board were prepared by the Remuneration Committee on the basis of the current remuneration guidelines and in consideration of the long-term goals and risk strategy. The principles describe, among other things, the remuneration components, the definitive criteria for awarding and paying an annual performance bonus along with the payment methods and information on how remuneration and employment conditions for RBI employees factor into the remuneration determined for the Management Board. The Supervisory Board approved the remuneration policy for members of the Management Board and Supervisory Board at the Remuneration Committee's recommendation. The remuneration policy was presented to the Annual General Meeting for vote and resolution on 20 October 2020. In accordance with the remuneration policy for the Management Board, the Remuneration Committee defined the key elements of the performance management process. The members of the Remuneration Committee defined the specifications for structuring individual performance-based step-in criteria based on a performance management process for individual Management Board members, taking their respective duties and responsibilities into account.

Giving due consideration to the European Banking Authority's statements regarding potential risks that may result from the COVID-19 situation, the Remuneration Committee reviewed the remuneration policy and practices at RBI to ensure that they support and are consistent with solid, effective risk management, also in light of the COVID-19 crisis. In the process, the Remuneration Committee examined whether RBI's remuneration policy, particularly the variable remuneration components set out within it, was conservative. The Remuneration Committee ultimately confirmed that no modifications to the remuneration guidelines, practices and allocations were needed. Furthermore, the Remuneration Committee acknowledged the allocation and payment of the 2019 bonus as well as outstanding amounts due from previous years for identified staff, as their payment was not detrimental to the maintenance of RBI's solid capital base and all other step-in criteria for allocating the 2019 bonus were also met.

The **Nomination Committee**'s duties include filling any posts on the Management Board and Supervisory Board that have become vacant. The Nomination Committee evaluates potential candidates based on a description of the duties entailed and, after conducting an appropriate Fit & Proper test, issues recommendations for filling the board vacancy, giving consideration to the balance and diversity of knowledge, skills and experience of all members of the governing body in question.

The Nomination Committee also specifies a target ratio for the under-represented gender on the Management Board and the Supervisory Board, consults on the strategy for achieving the defined target ratio and regularly discusses the implementation of development programs. The Nomination Committee is also responsible for evaluating decision-making within the Management Board and Supervisory Board, ensuring that the Management Board and the Supervisory Board are not dominated by one individual person or a small group of persons in a way which is contrary to the company's interests. The Nomination Committee verifies and makes this assessment based on the meeting processes and communication lines within each board (e.g. minute-taking, deputizing arrangements, resolutions passed by circulation in urgent cases, monitoring of courses of action taken, meeting preparations, forwarding of documents) and on the perceptions of the members themselves. The Nomination Committee's responsibilities also include regularly assessing the structure, size, composition and performance of the Management Board and Supervisory Board, with reports on the bodies' composition, organizational structures and the results of their work being presented as a basis for any decisions. It also regularly evaluates the knowledge, skills and experience of the individual members of both the Management Board and Supervisory Board and also of the respective governing body as a whole. The evaluation takes place in the Nomination Committee and is based on the self-evaluation of the individual members of the Management Board and Supervisory Board, as well as on individual continuing education reports.

The Nomination Committee determined in the Fit & Proper review that all the members of the Management Board and Supervisory Board, as well as the Management Board and Supervisory Board in their entirety, possessed the necessary knowledge, skills and experience. In addition, the mandate limits and availability in terms of time were reviewed and confirmed.

Günther Reibersdorfer and Johannes Ortner resigned from their functions in the 2020 financial year. The Nomination Committee devoted its attention to filling the vacant Supervisory Board seats and confirmed the personal and professional suitability of the new candidates Reinhard Mayr and Heinz Konrad. The Fit & Proper assessments of Erwin Hameseder and Klaus Buchleitner, whose Supervisory Board mandates expired in the 2020 financial year, were also confirmed. As was the case when filling vacant Supervisory Board positions or those nearing the end of their term, the Nomination Committee also thoroughly addressed the expiring Management Board mandates of Peter Lennkh, Andrii Stepanenko and Lukasz Januszewski as part of a structured succession process, positively assessing their past work and personal and professional suitability for the continued exercise of the Management Board functions. Based on the results of the succession process, the Nomination Committee recommended that the Supervisory Board propose the election of Erwin Hameseder, Klaus Buchleitner, Reinhard Mayr and Heinz Konrad to the Supervisory Board to the Annual General Meeting. The members of the Nomination Committee also made the recommendation to the Supervisory Board to extend the expiring Management Board mandates of Peter Lennkh, Andrii Stepanenko and Lukasz Januszewski.

The Nomination Committee also reviews the Management Board's actions with regard to the selection of executives and supports the Supervisory Board in preparing recommendations for the Management Board. To this end, the Nomination Committee evaluates the selection of key function holders, the guiding principles of executive selection and development, succession planning and the policies and steps taken for filling upper management positions.

The Nomination Committee is committed to gender-neutral staffing policies in its activities. The members of the Nomination Committee reviewed the progress made toward achieving the target quota for the underrepresented gender and discussed the measures presented for achieving the target.

The **Personnel Committee** deals with the remuneration of Management Board members as well as their employment contracts. In particular, it discusses and decides on provisions in the individual Management Board members' employment contracts and makes changes to the contracts as needed. It is also responsible for approving any acceptance of secondary employment by members of the Management Board. The Committee discusses and reviews clawbacks of past bonuses or non-payment of bonuses from existing provisions (penalty) if it has any information indicating that these measures appear necessary.

It also sets targets for the Management Board based on applicable rules and regulations and makes any required changes. It discusses whether the Management Board has attained its targets and approves bonus allocations on that basis. The Personnel Committee then decides whether to pay amounts from bonus payments that were deferred as required by law. During the financial year, the Personnel Committee set the 2020 targets for the Management Board, determined whether the Management Board attained its 2019 targets and approved bonus allocations to the Management Board members, taking account of the supervisory authority's remarks and compliance with the rules and regulations related to the COVID-19 pandemic.

The Supervisory Board decided at its meeting on 16 September 2020 to establish a **Digitalization Committee** and adopted rules of procedure for the Committee. At its meeting on 2 December 2020, the Supervisory Board decided on the delegation of Supervisory Board members to the Committee, which would consist of 6 members. The Committee should meet twice a year.

The Digitalization Committee's duties are to advise the Management Board and the Supervisory Board regarding the current and future digitalization strategy (including IT, new technologies, data analysis and innovation) and the related strategic investment decisions. It is also responsible for monitoring the execution of the digitalization strategy as well as the progress made in RBI's digitally transformation and for regularly reporting on this to the Supervisory Board.

Number of Committee meetings

The Working Committee (WC) held nine meetings in the 2020 financial year. The Risk Committee (RiC) met three times, the Audit Committee (AC) four times, the Remuneration Committee (ReC) three times, the Nomination Committee (NC) four times, and the Personnel Committee (PC) three times. The Digitalization Committee, established on 16 September 2020, had no meetings in the 2020 financial year.

No member of the Supervisory Board was unable to personally attend more than half of the meetings of the Supervisory Board.

Supervisory Board members attended the meetings of the Supervisory Board and its Committees as shown below:

Supervisory Board member	SB (6)	WC (9)	RiC (3)	AC (4)	ReC (3)	NC (4)	PC (3)	Total (32)
Erwin Hameseder	6/6	9/9	3/3	4/4	3/3	4/4	3/3	32
Martin Schaller	5/6	9/9	3/3	n/a	3/3	4/4	3/3	27
Heinrich Schaller	4/6	7/9	3/3	2/4	2/3	3/4	2/3	23
Klaus Buchleitner	5/6	n/a	n/a	n/a	n/a	n/a	n/a	5
Peter Gauper	6/6	n/a	n/a	n/a	n/a	n/a	n/a	6
Wilfried Hopfner	6/6	n/a	n/a	n/a	n/a	n/a	n/a	6
Rudolf Könighofer	6/6	n/a	n/a	n/a	n/a	4/4	3/3	13
Johannes Ortner ¹	2/2	n/a	n/a	2/2	n/a	n/a	n/a	4
Reinhard Mayr ²	3/3	n/a	n/a	1/1	n/a	n/a	n/a	4
Günther Reibersdorfer ³	2/3	n/a	n/a	n/a	n/a	n/a	n/a	2
Heinz Konrad ⁴	3/3	n/a	n/a	n/a	n/a	n/a	n/a	3
Eva Eberhartinger	6/6	n/a	3/3	4/4	3/3	n/a	n/a	16
Andrea Gaal	6/6	9/9	3/3	4/4	3/3	4/4	3/3	32
Birgit Noggler	6/6	9/9	3/3	4/4	3/3	4/4	3/3	32
Rudolf Korten Hof	6/6	9/9	3/3	4/4	3/3	4/4	n/a	29
Peter Anzeletti-Reikl	6/6	9/9	3/3	4/4	3/3	4/4	n/a	29
Gebhard Muster	6/6	n/a	n/a	n/a	n/a	n/a	n/a	6
Natalie Egger-Grunicke	6/6	n/a	n/a	n/a	n/a	n/a	n/a	6
Helge Rechberger	6/6	n/a	n/a	n/a	n/a	n/a	n/a	6
Susanne Unger	6/6	9/9	3/3	4/4	3/3	4/4	n/a	29

n/a - not applicable, as not a member of the respective Committee

¹ Johannes Ortner left the Supervisory Board and Audit Committee effective 18 June 2020

² Reinhard Mayr was elected to the Supervisory Board and Audit Committee on 20 October 2020

³ Günther Reibersdorfer left the Supervisory Board effective 20 October 2020

⁴ Heinz Konrad was elected to the Supervisory Board on 20 October 2020

In addition, the Supervisory Board as well as the Working and Remuneration Committees also passed resolutions by circulation in accordance with § 92 (3) of the AktG.

Self-evaluation and efficiency review by the Supervisory Board

As required by C Rule 36 of the ACGC, the Supervisory Board of RBI AG conducted a year-to-year self-evaluation and efficiency review covering the 2019 and 2020 financial years.

Going beyond the minimum requirement for the self-evaluation and efficiency review pursuant to C Rule 36 of the ACGC, the Supervisory Board, in partnership with the Vienna University of Economics and Business (WU Vienna), conducted a comprehensive evaluation of the Supervisory Board's activities beginning in 2019 in order to achieve a sustainable improvement in the efficiency and effectiveness of the Supervisory Board's work.

A questionnaire-based evaluation was carried out under the direction of Werner Hoffmann, Head of the Institute for Strategic Management at WU Vienna. The evaluation was tailored to the company's specific requirements. External experts then conducted individually prepared interviews with all members of the Supervisory Board in order to gain further insight from the evaluation and most effectively identify the Supervisory Board members' requests and suggestions. The Supervisory Board members were asked, in particular, for their assessment of the organizational structure, the working methods of the Supervisory Board, the work done by the Committees, the provision of information, and the composition and independence of the Supervisory Board. The Supervisory Board's work was analyzed objectively as part of the efficiency project, and the Supervisory Board drew up specific, jointly supported recommendations for action based on the project's results.

The Supervisory Board discussed the results of the evaluation at a joint moderated workshop held on 18 June 2020. The Supervisory Board's work received very good ratings overall; suggestions for improvement started from a high baseline. Concrete future measures were defined in connection with the recommendations for improving the Supervisory Board's activities. Some of these recommendations have already been implemented, including, for example, the creation of a Digitalization Committee, which was decided by the Supervisory Board on 16 September 2020. Furthermore, the Supervisory Board held its first-ever strategy workshop on 28 September 2020, with the Management Board, the CFO and internal strategy experts. It is planned to hold these types of strategy workshops twice a year. In response to the Supervisory Board members' request for greater involvement of the network banks in Supervisory Board activities, local CEOs from selected network banks will present reports at every future Supervisory Board meeting. In addition, appropriate measures have already been taken to prepare information for the Supervisory Board in a way that is specifically oriented towards its needs.

Role and activities of the Chairman of the Supervisory Board

The Chairman of the Supervisory Board leads and coordinates the Supervisory Board and interacts internally with the Management Board as the highest-ranking representative of the Supervisory Board. Serving as an intermediary, the Chairman of the Supervisory Board forwards information received from the Management Board to the other Supervisory Board members, so that they can perform their function in terms of supervision, control and participation. In addition to fulfilling his duties to ensure the smooth functioning of the Supervisory Board's activities, the Chairman of the Supervisory Board also has external public-facing roles, such as chairing the Annual General Meeting.

In addition to the 32 days on which the Supervisory Board and its committees met in 2020, seven meetings were held between the Management Board and the Chairman of the Supervisory Board, Erwin Hameseder, to prepare for the meeting days and discuss current (strategic) issues on an ongoing basis. The Chairman and both his Deputies of the Supervisory Board met with the Management Board nine times in 2020.

In addition, 37 bilateral meetings were held with members of the Management Board and the Chairman of the Supervisory Board during the financial year, including 26 meetings with the CEO. Similarly, the Chairmen of the Audit and Risk Committees stayed in regular contact and communication with the members of the Management Board, particularly the CEO and CRO, and with the heads of internal control functions as well as with the CFO. All in all, the Chairman of the Supervisory Board attended 84 RBI meetings.

Furthermore, in his capacity as the Chairman of the Supervisory Board, Erwin Hameseder visited several selected network banks in the 2020 financial year with CEO Johann Strobl, as was the case in 2019. The visits focused on obtaining detailed reports from local management boards on current business policy issues as well as a comprehensive picture of the respective financial, risk, capital and liquidity trends. In 2020, there was an onsite visit to the Raiffeisen bank in Serbia and virtual visits to the Raiffeisen banks in the Czech Republic and Bulgaria.

In addition, the Chairman of the Supervisory Board met with representatives of the ECB and FMA in the 2020 financial year for an open exchange of views in which key supervisory issues and current topics relevant to RBI were discussed.

To support the activities of the Supervisory Board and assist the Chairman of the Supervisory Board, the Chairman's Office has been set up as an internal interface and secretarial office for the Supervisory Board and acts as a coordinator between the Supervisory Board (in particular the Chairman of the Supervisory Board) and all relevant RBI stakeholders.

Annual General Meeting

The Annual General Meeting for the 2019 financial year was held in Vienna on 20 October 2020. For the first time in RBI's history, the Annual General Meeting was held virtually to protect all participants amid the COVID-19 pandemic. A web portal set up specifically for shareholders was made available. Both the live video stream of the meeting and the various portal features provided valuable support in ensuring that the 2020 Annual General Meeting went smoothly. Shareholders welcomed and actively used the possibility to participate through RBI's AGM web portal, which also enabled them to ask questions and exercise their voting rights during the meeting.

Following the ECB's recommendation to suspend distributions until 1 January 2021, no vote was taken on the originally proposed distribution of dividends. Although the financial strength of RBI would have enabled a dividend to be paid in 2020, the Management Board and Supervisory Board jointly decided to follow the ECB's recommendation and carry forward the planned dividend.

In consideration of the ECB's restrictions on dividend distributions (release from 15 December 2020), the dividend payment decision will be taken by the Annual General Meeting (22 April 2021)

The Annual General Meeting for the 2020 financial year will take place on 22 April 2021. The convening notice will be published in the Wiener Zeitung's official journal and in electronic form a minimum of 28 days before the Annual General Meeting.

At the Annual General Meeting, shareholders, as owners of the company, can exercise their rights by voting. The fundamental principle of "one share, one vote" applies. Accordingly, there are no restrictions on voting rights and all shareholders have equal rights. Every share confers one vote; registered shares have not been issued. Shareholders may exercise their voting rights themselves or by means of an authorized agent.

Syndicate agreement concerning RBI

Due to a syndicate agreement relating to RBI, the regional Raiffeisen banks and direct and indirect subsidiaries of the regional Raiffeisen banks are parties acting in concert as defined in § 1 6 of the Austrian Takeover Act (see most recent notification of voting rights published on 20 August 2019). The terms of the syndicate agreement include a block voting agreement for all matters that require a resolution from the General Meeting of RBI, rights to nominate members of the RBI Supervisory Board and preemption rights among the syndicate partners. The terms also include a contractual restriction on sales of the RBI shares held by the regional Raiffeisen banks (with a few exceptions) since the expiration of the three year period from the effective date of the merger between RZB and RBI, thus as of 18 March 2020, if the sale would directly and/or indirectly reduce the regional Raiffeisen banks' aggregate shareholding in RBI to less than 40 per cent (formerly 50 per cent) of the share capital plus one share. There were no changes in the ownership structure of the syndicate members during the financial year.

Report on measures taken by the company to promote women to the Management Board, the Supervisory Board and into executive positions (§ 80 AktG) and a description of the diversity strategy as laid down in § 243c (2) 2 and 3 of the UGB

Description of the diversity strategy

Prejudice and discrimination have no place in RBI. This is also clearly stated in the Code of Conduct which applies across the entire Group. RBI instead advocates equality, and in keeping with its corporate identity, it offers equal opportunities for equal performance within the company, regardless of gender or other factors. This begins with staff selection, which must be done without prejudice and where the same standards must always be applied.

The RBI Group Diversity Policy describes the relevance of this issue for RBI, defines the various responsibilities, and also specifies how to implement a diversity strategy within the Group. The relevant subsidiaries, which are the subsidiary banks and Austrian credit institutions, have appointed diversity officers and adopted local strategies.

The key components of this policy include RBI's diversity vision and mission statement and the daily implementation guidelines. In them, RBI presents its stance on this issue: "RBI believes that diversity adds value. Capitalizing on the opportunities of diversity provides long-term benefits to the company and its employees, as well as to the economy and society as a whole. RBI is continuing Raiffeisen's 130-year success story as it embraces diversity. RBI actively and professionally harnesses the potential of diversity to give clients the best possible service as a strong partner and to position itself as an attractive employer."

The RBI Group Diversity Policy defines a strategy for filling Management Board and Supervisory Board positions, whereby hiring must give consideration to both diversity and compliance with statutory requirements. Other important diversity aspects include age, gender and geographic origin. The main requirements for holding such a position also include solid education and professional experience, preferably in roles related to fintech companies, banks or financial institutions. The objective is that the boards include a wide range of qualifications and expertise in order to obtain the broadest possible variety of experience and diverse opinions, collectively resulting in sound decision-making.

The composition of the Management Board and Supervisory Board should be structured so that the board members' geographic origins reflect the diversity of RBI's markets and its cultural context. With respect to the age structure of the Management Board and Supervisory Board, in order to achieve a good balance, the board members should preferably not have all been born in the same decade. The aim is for women to fill 35 per cent of positions within the Supervisory Board, Management Board and Tier 2 management of the RBI Group by no later than 2024.

The mandates of three members of the RBI AG Management Board were extended (see composition of the Management Board). Of the six Management Board members, currently four are from Austria, one is from Poland, and one is from Ukraine. Members of non-Austrian origin therefore constituted 33 per cent of the Management Board at the end of 2020 (2019: 29 per cent). Two Supervisory Board positions were filled by men and two men were re-elected in 2020. All the Supervisory Board members are of Austrian origin and thus unchanged. The ages of the Supervisory Board members range between 46 and 66 years (2019: between 44 and 65 years), and of the Management Board between 42 and 61 years (2019: between 41 and 60 years).

Measures taken to promote women to the Management Board, the Supervisory Board and into executive positions

RBI is convinced that having leadership teams that are diverse in terms of gender, age, geographic origin, education and professional background is essential to optimizing decision-making quality and minimizing groupthink. It thus assumes that diversity ultimately contributes positively to the company's performance. While the diversity of the management team is satisfactory in terms of age, geographic origin, education and professional background, RBI aims to further increase the proportion of women in management.

The Nomination Committee has therefore set a target for RBI AG of filling 30 per cent of the positions on the Supervisory Board, Management Board and in upper management (Tier 2 and Tier 3 management) with women by 2024. As at 31 December 2020, the corresponding proportion was 23 per cent (2019: 22 per cent). Women held the following proportions of Tier 3 management positions and higher (positions with staff responsibility) at RBI AG as at 31 December 2020: Supervisory Board, 28 per cent (2019: 28 per cent); Management Board, 0 per cent (2019: 0 per cent); Tier 2 management, 19 per cent (2019: 20 per cent) and Tier 3 management, 24 per cent (2019: 24 per cent). Female employees make up 46 per cent (2019: 47 per cent) of the total workforce. RBI AG therefore meets the legal requirement for the proportion of women on its Supervisory Board.

For the entire RBI Group, the Nomination Committee has set a target of filling 35 per cent of the positions on the Supervisory Board, Management Board and in Tier 2 management with women by no later than 2024. The following figures include RBI AG and 13 network banks in CEE, as well as Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Raiffeisen-Leasing Gesellschaft m.b.H, as well as Valida Holding AG, Kathrein Privatbank Aktiengesellschaft and Raiffeisen Centrobank AG. As at 31 December 2020, the corresponding proportion of female employees totaled 31 per cent (2019: 30 per cent). In RBI Group, female employees make up 65 per cent (2019: 66 per cent) of the total workforce. Women held 14 per cent of Management Board positions (2019: 14 per cent), and 37 per cent of Tier 2 management positions (2019: 35 per cent). The proportion of women in Supervisory Board positions was 24 per cent (2019: 24 per cent).

Women are underrepresented in management for various reasons based on individual circumstances and the social environment as well as the company. Therefore, a strategy to increase the representation of women must encompass a wide variety of measures and recognize that certain reasons cannot be addressed by organizational measures. Based on a large-scale corporate analysis, the Nomination Committee adopted measures in three areas that approach the issue from different angles. The first set of measures focuses on the work culture and aims to achieve a healthy work-life balance as well as a gender-sensitive organization of the New World of Work. This included conducting the first-ever work and family audit at RBI AG in 2020, and the promotion of active parental leave management. The work and family audit is a customized certification process for companies, which is supervised by qualified advisors and designed to provide support for the defining, evaluating and planning of family-friendly measures. The objective is to create a work environment that opens up equal career opportunities for both women and men.

The second set of measures targets the work with female employees and aims specifically to support this. Bias can already begin in the talent selection process. Female employees are also treated differently in some instances during their careers because they, for example, express specific needs or have these attributed to them.

The career trajectories of female and male employees generally show noticeable differences over time. In future, therefore, specific focus will be placed on the selection and development of female talent.

The third set of measures relates to the selection of upper management (first and second tier below the Management Board) and is aimed at improving the selection processes and making them more transparent. Interview transcripts and documents for interviews or hearings (for higher management positions) are anonymized and evaluated by several people in order to ensure objectivity in the selection process and to prevent possible unconscious bias. Furthermore, at least one female assessor must be involved in the hearing. The search for candidates is also an essential step in the selection process. Emphasis will be placed on the selection of suitable executive search partners and their role in finding qualified women.

This bundle of measures provides medium- and long-term impetus to bring about cultural change and thus permanently establish gender diversity at the company.

Transparency

The internet, particularly the company website, plays an important role for RBI with regard to open communication with shareholders, their representatives, customers, analysts, employees, and the interested public. Therefore, the website offers regularly updated information and services, including the following: annual and interim reports, company presentations, telephone conference webcasts, ad-hoc releases, press releases, investor relations releases, share price information and stock data, information for debt investors, the Sustainability Report and current sustainability news, financial calendar with advance notice of important dates, information on securities transactions of the Management Board and Supervisory Board that are subject to reporting requirements (directors' dealings), RBI AG's Articles of Association, the corporate governance report, analysts' recommendations, as well as an ordering service for written information and registration for the automatic delivery of investor relations news by e-mail.

A secure, anonymous and digital whistleblower platform was established at RBI in line with regulatory and statutory guidelines. Employees throughout the Group can use this to report possible violations in their local language. All reports are investigated by RBI's Compliance department. The investigation findings must be reported back before the case can be closed.

Conflicts of interest

Both the Management Board and the Supervisory Board of RBI AG are required to disclose any potential conflicts of interest.

Members of the Management Board must therefore disclose to the Supervisory Board any significant personal interests in transactions involving the company and Group companies, as well as any other conflicts of interest. They must also inform the other members of the Management Board. Members of the Management Board who occupy management positions within other companies must ensure a fair balance between the interests of the companies in question.

Members of the Supervisory Board must immediately report any potential conflicts of interest to the Chairman of the Supervisory Board, who is supported by Compliance when carrying out his evaluation. In the event that the Chairman himself should encounter a conflict of interest, he must report this immediately to the Deputy Chairman. Company agreements with members of the Supervisory Board that require members to perform a service for the company or for a subsidiary outside of their duty on the Supervisory Board (§ 189a 7 of the UGB) in exchange for not-insignificant compensation require the approval of the Supervisory Board. This also applies to agreements with companies in which a member of the Supervisory Board has a significant financial interest. Furthermore, related party transactions as defined by § 28 of the BWG require the approval of the Supervisory Board.

These and other requirements and rules of conduct are covered by a corporate policy that contains the duties required by law and by the ACGC. The policy also gives due consideration to the European Banking Authority's (EBA) guidelines on internal governance, the joint European Securities and Markets Authority/EBA guidelines to assess the suitability of members of management bodies and key function holders, the European Central Bank's guide to fit and proper assessments, and the Basel Committee on Banking Supervision's corporate governance principles for banks.

For a number of years, RBI has had internal policies that govern business transactions in detail in order to avoid conflicts of interest. The rules enacted in Austria in mid-2019 on transactions with related companies and parties (as part of the transposition of the EU Shareholder Rights Directive into Austrian law) have been reflected in a separately issued internal directive.

Independent consolidated non-financial report (§ 267a of the UGB) as well as disclosures for the parent company according to § 243b of the UGB

The company prepared an independent consolidated non-financial report according to § 267a of the UGB for the 2020 financial year for RBI, which also contains the disclosures for the parent company according to § 243b of the UGB. The report was reviewed by the Supervisory Board according to § 96 (1) of the AktG. In addition, KPMG Austria GmbH (KPMG) was appointed by the Management Board to audit the consolidated non-financial report and will report its findings to the Supervisory Board at its March 2021 meeting. The Supervisory Board will report on the results of the audit at the Annual General Meeting.

Accounting and audit of financial statements

RBI's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU. They also comply with the regulations of the BWG in conjunction with the UGB to the extent that these are applicable to the consolidated financial statements. The consolidated annual financial statements are published within the first four months of the financial year following the reporting period. Interim reports are published no later than two months after the end of the respective reporting period pursuant to IFRS.

The Annual General Meeting on 13 June 2019 selected KPMG as external Group auditor and bank auditor for the 2020 financial year. KPMG has confirmed to RBI AG that it has the certification of a quality auditing system. It has also declared that there are no reasons for disqualification or prejudice. The Supervisory Board is informed of the result of the audit by a statutory report regarding the audit of the consolidated financial statements by the auditor, as well as by the report of the Audit Committee. Furthermore, the auditor assesses the effectiveness of the company's risk management in accordance with the ACGC, based on the documents submitted to the auditor and otherwise available. The resulting report is presented to the Chairman of the Supervisory Board, who is responsible for ensuring the report is addressed in the Audit Committee and presented to the Supervisory Board.

The Management Board



Johann Strobl



Andreas Gschwenter



Łukasz Januszewski



Peter Lennkh



Hannes Mösenbacher



Andrii Stepanenko